

Corporate Aircraft Distribution Committee

Report To The National Executive Committee — November 2001 — Atlanta, GA


**Civil Air Patrol
Corporate Aircraft
Distribution Committee**

**Revised Formula:
The Real Versus
The Ideal**




**Presented To The National
Executive Committee**

November 2001



Agenda

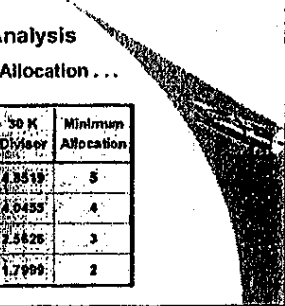
- ◆ Current Methodology
- ◆ Revised Methodology
- ◆ Conclusions
- ◆ Funding Issues
- ◆ Next Steps



Current Methodology

- ◆ Annual Spreadsheet Analysis
 - ◆ Start With Wing Area Allocation ...

Wing Area	30 K Display	Minimum Allocation
1,544	2,8518	5
1,544	2,8518	4
1,544	2,8518	3
1,544	2,8518	2



Current Methodology

- ◆ Annual Spreadsheet Analysis
 - ◆ Take Area Allocation Total And Subtract From Existing Fleet Size ...

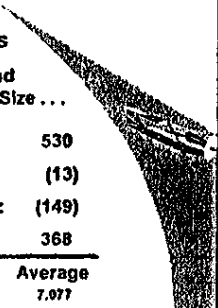
TOTAL EXISTING FLEET: 530

NATIONAL / REGIONAL A/C: (13)

WING MINIMUM ALLOCATION: (149)

REMAINING FLEET: 368

Aircraft	Wings	Average
368	52	7.077



Current Methodology

- ◆ Annual Spreadsheet Analysis
 - ◆ Next, Apply Pilot Weighting ...

Total Pilots	Value Type	Weighted Type	Remaining Number Of Pilots
1,544	1.50	2,316.00	348
1,544	1.50	2,316.00	347
1,544	1.50	2,316.00	346
1,544	1.50	2,316.00	345
1,544	1.50	2,316.00	344
1,544	1.50	2,316.00	343
1,544	1.50	2,316.00	342
1,544	1.50	2,316.00	341
1,544	1.50	2,316.00	340
1,544	1.50	2,316.00	339
1,544	1.50	2,316.00	338
1,544	1.50	2,316.00	337
1,544	1.50	2,316.00	336
1,544	1.50	2,316.00	335
1,544	1.50	2,316.00	334
1,544	1.50	2,316.00	333
1,544	1.50	2,316.00	332
1,544	1.50	2,316.00	331
1,544	1.50	2,316.00	330
1,544	1.50	2,316.00	329
1,544	1.50	2,316.00	328
1,544	1.50	2,316.00	327
1,544	1.50	2,316.00	326
1,544	1.50	2,316.00	325
1,544	1.50	2,316.00	324
1,544	1.50	2,316.00	323
1,544	1.50	2,316.00	322
1,544	1.50	2,316.00	321
1,544	1.50	2,316.00	320
1,544	1.50	2,316.00	319
1,544	1.50	2,316.00	318
1,544	1.50	2,316.00	317
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1,544	1.50	2,316.00	185
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1,544	1.50	2,316.00	175
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1,544	1.50	2,316.00	150
1,544	1.50	2,316.00	149
1,544	1.50	2,316.00	148
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1,544	1.50	2,316.00	140
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1,544	1.50	2,316.00	137
1,544	1.50	2,316.00	136
1,544	1.50	2,316.00	135
1,544	1.50	2,316.00	134
1,544	1.50	2,316.00	133
1,544	1.50	2,316.00	132
1,544	1.50	2,316.00	131

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Current Methodology

- ♦ Annual Spreadsheet Analysis
- ♦ Now Run The Formulas ...

Nationally - Required 200 Hrs / Aircraft / Year	=	National Average
National Average Number Of Pilots / Wing		Hrs / Pilot / Aircraft
200	=	2.50
80		

Current Methodology

- ♦ Annual Spreadsheet Analysis
- ♦ Now Run The Formulas ...

Your Wing Weighted # Of Pilots	X	National Average Required Hours / Pilot / Aircraft	=	Your Wing Baseline Hours
353.50	X	2.50	=	883.75

Current Methodology

- ♦ Annual Spreadsheet Analysis
- ♦ Now Run The Formulas ...

Your Wing Baseline Hours	+	National Required 200 Hrs / Aircraft / Year	=	Equivalent Productivity
883.75	+	200	=	4.42

Current Methodology

- ♦ Annual Spreadsheet Analysis
- ♦ Now Run The Formulas ...

Average # Of Aircraft Per Wing	X	Equivalent Productivity	=	Additional Aircraft To Wing Over Area Allocation Minimum
7.077	X	4.42	=	31.27

♦ Wing Has Justified The Need For 31 More Aircraft Over Their Territorially - Calculated Area Allocation Minimum

Current Methodology

- ♦ Annual Spreadsheet Analysis
- ♦ Then, Adjust For Geography ...

Current Methodology

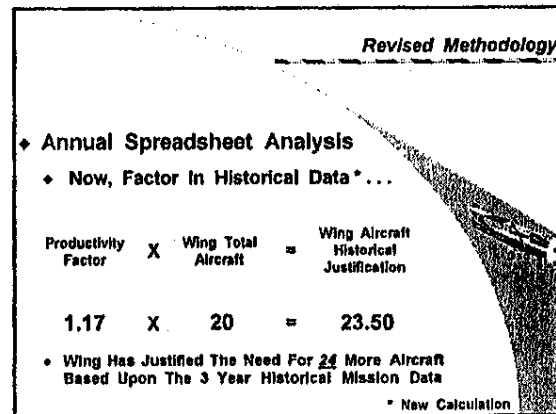
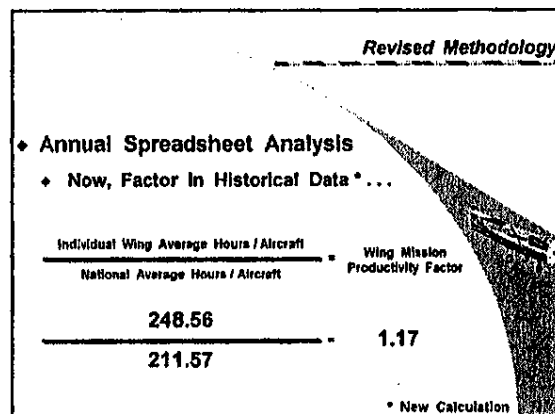
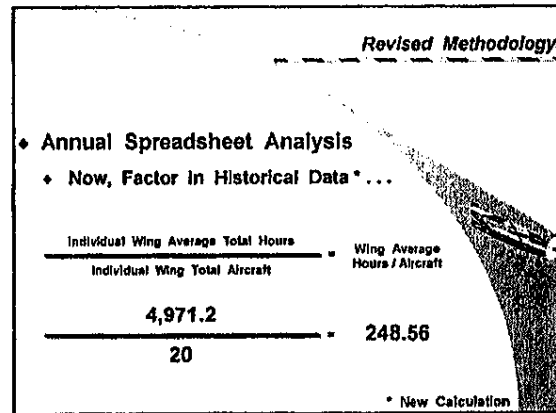
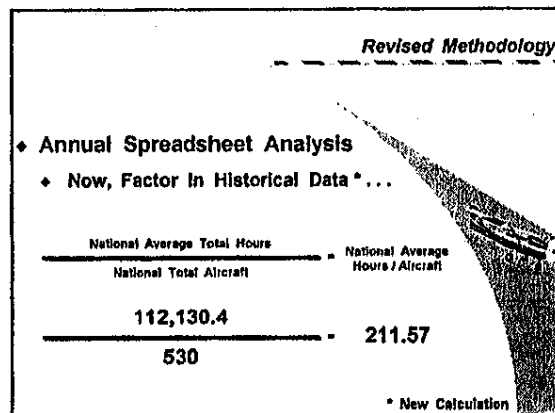
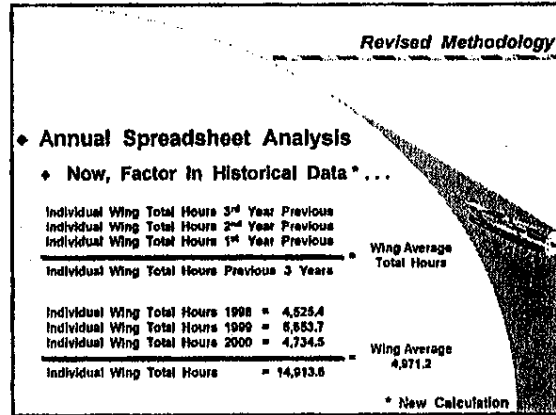
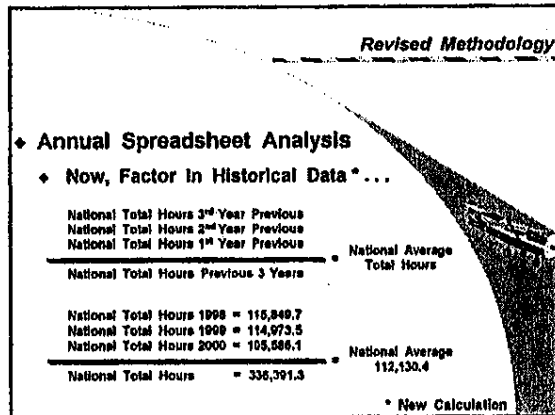
- ♦ Annual Spreadsheet Analysis
- ♦ Then, Adjust For Geography ...
- ♦ If Wing Is In Zone 1, Take Results And Use As - Is

Territorially - Calculated # Of Aircraft	X	100%	=	# Of Aircraft Adjusted For Zone 1
31.27	X	100%	=	31.27

♦ Wing Has Justified The Need For 31 More Aircraft Over Their Territorially - Calculated Area Allocation Minimum

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Revised Methodology

- Annual Spreadsheet Analysis
 - What Does It All Add Up To ?

CAD Mission And Training Incentive Formula = 33
(31 Aircraft + 2 Allocated By Territory = 33)

CAD Historical 3 Year Mission Average Formula = 24
57
+ 2 = 28.5

- Wing Has Justified The Need For A Total Of 28 Aircraft (Vice 20), Based Upon Availability And Wing Agreement

Conclusions

- The Best Of Both Worlds
 - "The Real" : Aircraft Justified By The Last 3 Years Of Missions Flown
 - "The Ideal" : Aircraft Supported By The Current Pilot Population And Capabilities
 - Training And Mission Incentive Formula Was Seen By Some As Too Optimistic
 - Historical 3 Year Mission Hours Average Formula Seen By Some As Too Pessimistic
 - This Proposed Average Of The 2 Seems To Cover All The Potential Possibilities !

Funding Issues

- Show Me The Money !
 - HQ CAP/LG Needs To Produce Per - Aircraft Dollar Costs To Grow The Fleet
 - HQ CAP/LG Needs To Produce Per - Aircraft Dollar Costs To Maintain The Fleet
 - HQ CAP/MS Needs To Demonstrate Reliability Of Pilot Qualification Database Going Forward
 - NEC Must Agree On Who Decides When Specific Airframes Are No Longer Economical To Keep
 - Aircraft Costs Must Be Monitored On A Continual Basis To Provide USAF With Updated Information

Next Steps

- How Do We Make It Happen ?
 - Adopt New And Improved Formula
 - Apply It To Accomplish Our Corporate Aircraft Reallocation CY '02 And Beyond
 - Fleet Then Grows Through A Combination Of Normal Purchases And Lack Of Attrition
 - Wing CCs Must Keep HQ CAP/DO Apprised Of New Missions / Flying Hours In Their Wings
 - HQ CAP/LG Needs To Flag Airframes Whose Cost Basis Makes Further Upgrade Uneconomical

Next Steps

I Think We Have Got It Right This Time Around !

Finance Committee Minutes

1. The finance committee was called to order at 1415 hours on 1 Nov 2001, at the Atlanta Airport Hilton, Atlanta, Georgia.

Members Present:

Col Andrew Skiba, NFO, Chairman
Col Joseph Meighan, Jr., NC
Col William Charles, GLR/CC
Col Colin Fake, SWR/CC
Col Richard Greenhut, NER/CC
Col Antonio Pineda, SER/CC
Col Robert Brooks, EX
Mr Thomas Hicks, FM
Mr John Angle, FMB

Other Individuals Present:

Col Robert Bess
Col Michael Pannone
Col Larry Kauffman
Col Scott Hamilton
Col Robert Townsend
Mr Donnie Rowland

2. Col Skiba welcomed everyone to the meeting. Since there were new members present, he asked each individual to introduce themselves to the group.

3. Past loans to Wings and Units previously approved by the NEC were discussed (attch 1). Col Skiba stated that outstanding loans would be dealt with on a case-by-case basis.

- a.) Puerto Rico Wing – The wing had obtained two loans, one dated 3 Dec 1999 in the amount of \$12,460.86 for aircraft maintenance with \$4,844.16 still due. The other loan dated 16 Dec 1999 in the amount of \$9,000 for airfare to allow wing cadets to participate in the National Cadet Competition at Maxwell AFB, AL with the full amount still due. The wing currently does not have the resources to repay these loans. The wing commander, previously retired, had to get a job to repay these loans. The committee recommended repayment be waived and the loans forgiven. Passed unanimously.
- b.) Congressional Squadron – Three loans were approved in 1989, 1993, and 1994 totaling \$80,557 to build a hangar with \$79,072.72 still outstanding. The hangar is located on Andrews AFB, MD. The squadron does not have the funds to repay the loan and they do not receive any other appropriations. The motion to waive repayment and forgive the loans passed unanimously.
- c.) Oregon Wing - \$70,000 was loaned to the wing on Apr 1992 to construct a building for the Wing's headquarters. The wing has been making payments monthly of approximately \$540 bringing the balance down to \$37,595.93. The state of Oregon does not provide the wing with the level of funding that it did in the past. Discussion

among the committee centered on how much the wing can pay monthly toward the balance. Another suggestion made was to see if the wing could repay the loan by withholding a portion of their membership dues. The committee decided to let the Region Commander and Wing Commander make a proposal on repaying the loan.

4. A request was made to increase the National Chaplain's budget by an amount not to exceed \$2,000. The National Chief Emeritus and Secretary of the Chaplain Service Advisory Committee (CSAC) would use the funds to attend the August National Board. The CSAC meets annually at the National Board and there are no funds allotted to offset the cost of these two individuals attending. The attendance of these two individuals is essential to the meeting of the CSAC. Col Charles moved and Col Greenhut seconded the motion to add no more than \$2,000 to the Chaplain's budget for this expense. The motion passed. The committee wants to ensure prudent spending and fiscal responsibility within the Chaplain program.

5. The committee next reviewed the corporate investment program. Mr. Hicks provided a handout to the committee members. The handout included a cover letter by the investment officer, Col John Ratcliff and summaries of market to market and cost to market comparisons (attach 2).

- a.) The committee requested additional information on the Gifts fund. The fund is restricted for the purchase of gifts for retiring National Commanders. Mr. Hicks stated he would research the fund and provide the information when he returned to the headquarters.
- b.) A question was also raised about the Clara Livingston Fund. Since the fund is restricted to a cadet of the PR Wing, could the fund be used to help offset the financial hardships of the wing? It was explained that the fund provides an annual scholarship to a cadet from the wing. The staff stated they would investigate the exact wording of the restriction to see if the fund could be used for other purposes.
- c.) The committee next discussed the HSI/VSI funds. The HSI fund owes \$803k to the corporate general fund. Payments for HSI expenses have been made from the general operating fund of the corporation, without reimbursement, since the NEC voted to stop premium payments in 1997. The remaining funds from the HSI account could be placed in a separate checking account to pay for future claims. The NEC voted in May 2000 to spend down the HSI account and use appropriated funds to pay for all aircraft maintenance since this is authorized in the Statement of Work. Col Skiba explained that the fund was never intended to build an investment account, but to pay for damage to aircraft. The committee approved the following motion: Approval to remove all HSI funds from investments to repay the general fund and place the remainder into a separate checking account to continue the HSI program until all funds are exhausted. NFO, EX, and Assistant NFO will determine the timing for withdrawals from investments due to the current down trend in the market. Col Skiba also requested a paper trail on past claims against the HSI account for review. A question was raised about spending down the VSI fund and allowing appropriated funds to pay for all vehicle maintenance. The staff was not sure about the wording in the Statement of Work concerning vehicle maintenance. They would research it when they returned to the headquarters. Mr Rowland cautioned that even if this could be done, funds were not currently available to pay for all vehicle maintenance in the POM.
- d.) With the downtrend in the market, the scholarship fund will not earn enough to continue the program next year. The last two years, academic scholarships have been able to help over 80 CAP members each year work towards their degrees. Many of them are

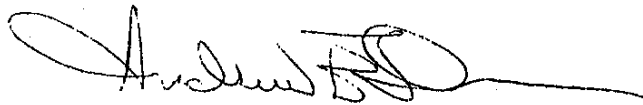
repeat recipients and have come to rely on our support. The program is one of the most positive programs for helping our own people and we should not let it die. Cadet Programs requested permission to pay for academic scholarships from the investment principle, not to exceed \$35,000, this fiscal year and other lean years (attach 3). The committee would like to see the program go on, but it may be on a more limited basis. The staff was requested to research the possibility to see if the funds could come from the investment account or if the program may be funded from the corporate general fund.

6. Col Brooks briefed the committee on the CY 02 COLA proposal. He stated that the CPI rose 2.6% and the ECI, according to a recent Mercer study, will be 4.2% for next year. He is recommending a COLA of 2.6% for Categories 8-12 and 4.3% for Categories 1-7. Mr Angle provided a handout that showed the pay differential between headquarters employees and the private sector has been reduced down to 6.9% (attach 4). The recommended COLA will result in a 7.2% pay differential for CY 02. Col Meighan moved and Col Fake seconded the motion that the committee approve the recommendation as presented. Motion passed.

7. Mr Rowland presented the FY 04 – 05 POM. The POM will be briefed to the NEC as an agenda item. He would like to receive an endorsement from the Finance Committee before taking the POM to the NEC. He stated that FY 02 represented a major jump in funding from the Air Force. They have reviewed and validated funding for our programs. FY 03 funds shown will be presented to the BoG and upon approval will go forward as our request in the Air Force Financial Plan. Funds have been included for Homeland Security and digital communications equipment. The POM also includes increases for aircraft and vehicle purchases based on actual cost. Mr Rowland stated the POM doesn't represent growth, only added missions. Col Skiba moved and Col Pineda seconded the motion to endorse the POM as presented. The motion passed.

8. There being no further business to discuss, the finance committee was adjourned at 1635 hours.

Minutes approved



ANDREW E. SKIBA, Colonel, CAP
National Finance Officer

4 Attachments

1. Wing & Unit Loan Summary
2. Overview of Investment Program
3. CAP Academic Scholarship Program
4. CY 02 COLA Adjustment

NATIONAL HEADQUARTERS
CIVIL AIR PATROL
United States Air Force Auxiliary
105 South Hansell Street
Maxwell Air Force Base, Alabama 36112-6332

27 October 2001

MEMORANDUM FOR FM & National Finance Committee, CAP, Inc.
ATTENTION: Colonel Andrew E. Skiba, Chairman

FROM: Assistant National Finance Officer for Investments
486 Township Road 1233
Proctorville, OH 45669-8417

SUBJECT: FY-01 Overview of Investment Program & Market Performance

1. A review of the stock market performance for the last fiscal year ending 30 September 2001 should not surprise anyone who has been following the news for the last two years. Following the terrorist attack on the United States on 11 September 2001, the market indices fell to a level not seen since October 1998. Yes, we are in a bear market and have been for the last year. In fact, we are in a recession and if we are lucky this will last only until April 2002. Then, we should look for a turn around. October to April of each year is where the market historically performs best. The period of April thru September are the worst performing months for the stock market. With this in mind, we should see some improvement in the market during the second half of 2002, after a solid base is reestablished for the equity market. In short, there is more bad news for shareholders before the news gets better. The bad news just keeps on coming!

2. Home sales and orders to factories for big ticket items plunged in September, besides the number of Americans drawing unemployment benefits now stands at an 18-year-high. This is the strongest evidence to date that the economy has entered a recession. A recession is defined as two consecutive quarters of declining economic output. The forecast for the GDP is estimated at two percent for 2001. Economists had expected a rebound during the first quarter of 2002, however, the fears of bioterrorism and the 9/11 attack has completely erased this forecast. Consumer confidence has eroded and there is less buying of big ticket items. Attachment 2-4 to agenda item 1, item 1. The loss of jobs has caused the market to shrink and stocks becoming oversold. People are afraid of what the future holds in the short term. This will have to be rectified by positive market performance. The companies will again have to show positive earnings to get the market off it's knees---this will take at least six to nine months. We have

Attachment 2-4 to agenda item 1, item 1

Delinquent Loans

Puerto Rico Wing

Date of loan: 16 Dec 1999

Original loan amount: \$9,000

Current loan amount: \$9,000

Purpose of Loan: Airfare provided to allow cadets to attend National Cadet Competition

Repayment made to date: -0-

Reason for request for forgiveness: Puerto Rico Wing does not have the resources to repay the loan.

Wing does not receive any other appropriations.

Puerto Rico Wing

Date of loan: 3 Dec 1999

Original loan amount: \$12,460.86

Current loan amount: \$4,844.16

Purpose of Loan: To advance funds to the Wing for aircraft maintenance invoices that were past due to a vendor.

Repayment made to date: \$8,216.70

Reason for request for forgiveness: Puerto Rico does not have the resources to repay the loan.

Wing does not receive any other appropriations.

Oregon Wing

Date of loan: 1 April 1992

Original loan amount: \$70,000

Current loan amount: \$37,595.93

Purpose of Loan: To construct a building for the Wing's headquarters.

Repayment made to date: \$32,404.07

Reason for request for forgiveness: Oregon Wing does not receive sufficient funding to repay the loan. The state of Oregon does not provide the wing with the level of funding that it did in the past.

Wing does not receive any other appropriations.

Congressional Squadron

Date of loan: February, 1989, November, 1993, and May, 1994

Original loan amount: \$80,557

Current loan amount: \$79,072.72

Purpose of loan: To build a hangar

Repayment made to date: \$1,484.28

Reason for request for forgiveness: Squadron does not have sufficient funding to repay loan.

Squadron does not receive any other appropriations.

to strengthen the economy and get people back to work, rebuild confidence and reexpand our economy.

3. The Federal Reserve has reduced interest rates 10 times this year and will probably reduce them further during their November 2001 meeting. Liquidity and the supply of money is not the problem since inflation is minimal, but we have to control the cost of doing business. The 4.1 percent rise in the government's Employment Cost Index over the past 12 months reflected a 3.6 percent increase in wages and salaries and a 5.1 percent in rise in benefits. Most of the benefit increase can be attributed to rising health insurance premiums. We have to find ways to better control these increasing costs.

4. Another serious problem for the stock market is the news media. They compound the bad news 24 hours a day on all our national broadcasting outlets. I am not sure that is what shareholders need to be reminded of so often, but I am certain that this constant coverage certainly destroys the investor's confidence. We have to reestablish consumer confidence for the stock market to recover.

5. Our standard of performance is measured against the Standard and Poor's 500 Composite Index. Here is their total return ending 30 September 2001:

Annual Average -				
5 year	10 year	year-to-date	last 12 months	last month
+10.23%	+12.79%	(20.39%)	(27.54%)	(8.08%)

The following shows the performance of indicies that measures the market for FY-01:

INDICIES	10Oct00	30Sep01	Change/Percentage
Dow Industrial	10,650.9	8,847.6	(1,803.3 - 16.93%)
NASDAQ Composite	3,672.8	1,498.8	(2,174.0 - 59.19%)
S & P 500	1,436.51	1,040.94	(395.57- 27.54%)
Russell 2000	521.37	404.87	(116.5 - 22.35%)
Wilshire 5000	13,613.48	9,562.95	(4,050.53- 29.75%)

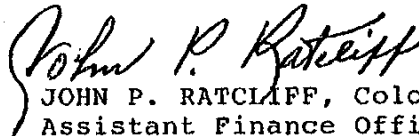
As you can see from the foregoing summary of market results that the market is technically in bad shape and will take time and lots of repair.

6. Tom Hicks our Financial Manager has prepared for our information some figures on account performance. The first one is the market value at 10/1/00 compared to the market value as of 9/30/01. This shows that our investment program is better than the above indices. The second presentation by FM is the cost to present market value. Obviously stocks bought several years ago, especially those that are income producers, are of lower value. Here we are compairing stocks back to October 1998 market lows. Most of the negative results come from our mutual funds. We are down but must rely upon the market and

the Mutual Fund Management to recoup these losses. This is what is meant by long term investing. We never sell at a loss, unless it is the last resort. These funds will come back with the market. Mutual Fund performance is similar to the index funds, they track the market.

7. We are operating in a stock market that is the worst in the last 10 years. We have to be patient and stay the course, making position repairs where necessary, affordable and be selective when establishing a new position. We should not be withdrawing funds during this period of recovery. If we start spending and cashing out of our holdings, we end up with realized losses that we can never justify. Recommend that we hold our position and wait until recovery before committing to obligations.

8. The S&P Index is presently showing that our economy has rebounded enough to recoup the losses caused as a result of the terrorist attack on 9/11/01. The market is expected to "back and fill" until a foundation is built. This probably will be over by April 2002. If we want to make money, the stock market is the only game in town. Think about it!



JOHN P. RATCLIFF, Colonel, CAP
Assistant Finance Officer-Investments

2 Attachments:
a/s

File: 01FYRPT.DOC

Summary of Investment Performance
Market to Market Comparison
For the Twelve Month Period October 1, 2000 through September 30, 2001

	<u>Market Value</u> <u>10/1/00</u>	<u>Market Value</u> <u>9/30/01</u>	<u>Net</u> <u>Change</u> <u>Unrealized Gain/</u> <u>(Unrealized Loss)</u>	<u>Net</u> <u>Change %</u> <u>Unrealized Gain/</u> <u>(Unrealized Loss)</u>
Restricted by Donors:				
CAMP Fund	\$1,532,492	\$1,289,969	(\$242,523)	-15.83%
Crossfield Fund	\$33,034	\$29,872	(\$3,162)	-9.57%
Clara Livingston Fund	\$115,338	\$106,530	(\$8,808)	-7.64%
Historical Fund	\$1,535	\$1,388	(\$147)	-9.58%
Gifts Fund	\$97,250	\$87,943	(\$9,307)	-9.57%
	<u>\$1,779,649</u>	<u>\$1,515,702</u>	<u>(\$263,947)</u>	
Designated by the Governing Board:				
Reserve Investments	\$5,450,589	\$4,044,253	(\$1,406,336)	-25.80%
National Congress	\$57,904	\$48,930	(\$8,974)	-15.50%
CAP Defense	\$2,005,324	\$1,327,038	(\$678,286)	-33.82%
Vehicle Self Insurance	\$257,596	\$102,582	(\$155,014)	-60.18%
Hull Self Insurance	\$1,710,129	\$1,405,796	(\$304,333)	-17.80%
Scholarship Fund	\$839,520	\$841,646	\$2,126	0.25%
	<u>\$10,321,062</u>	<u>\$7,770,245</u>	<u>(\$2,550,817)</u>	
Items Unrestricted and Not Designated:	<u>\$5,250</u>	<u>\$4,747</u>	<u>(\$503)</u>	<u>-9.58%</u>
TOTALS	<u>\$12,105,961</u>	<u>\$9,290,694</u>	<u>(\$2,815,267)</u>	<u>-23.26%</u>

The following funds are restricted by donors for specific uses and may not be used for any other purpose:

CAMP - restricted for the modernization and maintenance of the organization's airfleet

Livingston - restricted for the Cadet of the Puerto Rico Wing

General Fund - 3.6% of this investment account is *unrestricted*; 96.4% is restricted for the following purposes:

Crossfield - represents 24.1% of the investment; restricted for the benefit of the AE Program

Historical - represents 1.12% of the investment; restricted to defray costs for the historical committee

Gifts - represents 70.95% of the investment; restricted to purchase gifts for retiring Nat'l CC's

Bailey - represents .23% of the investment; *unrestricted*

The following funds have been designated by the board for the following specific purposes:

Reserve - for use in cases of extreme emergency

NCASE - to defray costs associated with NCASE

Defense - for uninsured legal defense; \$4 million dollar limit on fund

VSI and HSI - to self insure any hull damage to airfleet or vehicle property damage

Scholarship - to provide scholarships

Summary of Investment Performance
Cost to Market Comparison
September 30, 2001

	<u>Cost</u>	<u>Market Value</u>	<u>Net Change</u> Unrealized Gain/ (Unrealized Loss)	<u>Net Change %</u> Unrealized Gain/ (Unrealized Loss)
Restricted by Donors:				
CAMP Fund	\$2,100,255	\$1,289,969	(\$810,286)	-38.58%
Crossfield Fund	\$46,154	\$29,872	(\$16,282)	-35.28%
Clara Livingston Fund	\$113,649	\$106,530	(\$7,119)	-6.26%
Historical Fund	\$2,145	\$1,388	(\$757)	-35.29%
Gifts Fund	\$135,878	\$87,943	(\$47,935)	-35.28%
	<u>\$2,398,081</u>	<u>\$1,515,702</u>	<u>(\$882,379)</u>	
Designated by the Governing Board:				
Reserve Investments	\$7,189,537	\$4,044,253	(\$3,145,284)	-43.75%
National Congress	\$60,732	\$48,930	(\$11,802)	-19.43%
CAP Defense	\$3,217,964	\$1,327,038	(\$1,890,926)	-58.76%
Vehicle Self Insurance	\$295,943	\$102,582	(\$193,361)	-65.34%
Hull Self Insurance	\$2,140,735	\$1,405,796	(\$734,939)	-34.33%
Scholarship Fund	\$946,872	\$841,646	(\$105,226)	-11.11%
	<u>\$13,851,783</u>	<u>\$7,770,245</u>	<u>(\$6,081,538)</u>	
Items Unrestricted and Not Designated:	<u>\$7,335</u>	<u>\$4,747</u>	<u>(\$2,588)</u>	-35.28%
TOTALS	<u>\$16,257,199</u>	<u>\$9,290,694</u>	<u>(\$6,966,505)</u>	-42.85%

The following funds are restricted by donors for specific uses and may not be used for any other purpose:

- CAMP** - restricted for the modernization and maintenance of the organization's airfleet
- Livingston** - restricted for the Cadets of the Puerto Rico Wing
- General Fund** - 3.6% of this investment account is *unrestricted*; 96.4% is restricted for the following purposes:
 - Crossfield** - represents 24.1% of the investment; restricted for the benefit of the AE Program
 - Historical** - represents 1.12% of the investment; restricted to defray costs for the historical committee
 - Gifts** - represents 70.95% of the investment; restricted to purchase gifts for retiring Nat'l CC's
 - Bailey** - represents .23% of the investment; *unrestricted*

The following funds have been designated by the board for the following specific purposes:

- Reserve** - for use in cases of extreme emergency
- NCASE** - to defray costs associated with NCASE
- Defense** - for uninsured legal defense; \$4 million dollar limit on fund
- VSI and HSI** - to self insure any hull damage to airfleet or vehicle property damage
- Scholarship** - to provide scholarships

04-09 POM
Executive Summary
Recommended by Nov 01 NEC

	FY02	FY03	FY 04	FY 05	FY 06	FY07	FY08	FY09
AF Program Estimates	23179	24565	25423	25638	26462	26671	0	0
O&M	18303	19629	20360	20463	21181	21280	0	0
Aircraft Procurement	2629	2657	2736	2799	2858	2919	0	0
Other Procurement	785	792	810	829	845	863	0	0
Counterdrug	1462	1487	1517	1547	1578	1609	0	0
CAP Program Estimates	27918	40794	41618	42505	43502	39519	40509	41332
O&M	20813	28760	29374	29978	30657	28418	29115	29724
Aircraft Procurement	3200	3600	3726	3856	3991	4131	4276	4425
Other Procurement	785	5154	5154	5219	5284	3287	3352	3352
Counterdrug	3120	3280	3365	3451	3569	3683	3766	3830
Delta	-4739	-16229	-16195	-16867	-17040	-12848	-40509	-41332
Comm, Homeland Security requirements	13030	13120	13211	13331	8449			
Delta_less Comm, Homeland Security	-3200	-3075	-3656	-3708	-4399			
Delta_less Comm, Homeland Security, And Counterdrug	-1407	-1227	-1751	-1717	-2325			

Attachment 3-1 to agenda item 3

11/20/2001

CAP 04-09 POM
Operational and Maintenance

	Hours(K)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
1. AF POM 592 MISC Contract Services		18303	19629	20360	20463	21181	21280	0	0
2. CAP Program Estimates		20813	28760	29374	29978	30657	28418	29115	29724
3. SAR/DR		3356	3473	3595	3721	3851	3986	4125	4270
Training	26	1690	1716	1742	1768	1820	1872	1924	
Actual Missions	11	715	726	737	748	770	792	814	
Major Maint	37	851	888	925	962	999	1036	1036	
Travel		100	104	107	111	115	119	123	
maint hour rate		23	24	25	26	27	28	28	28
flying hour rate		65	66	67	68	70	72	74	74
4. Aircraft Maint (B and C Missions)	33	759	786	813	842	871	901	933	966
5. Ground Equipment Maint		1019	1055	1092	1130	1169	1210	1253	1296
Vehicle		290	303	317	331	346	361	378	
Communications		377	394	496	501	518	536	555	
Information Management		525	549	573	599	626	654	684	
Other		46	47	49	50	52	53	55	

Attachment 3-2 to agenda item 3

11/20/2001

CAP 04-09 POM

Operational and Maintenance

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	
6. Cadet Programs									
Uniforms	1400	1449	1500	1552	1607	1663	1721	1781	
Encampments	450	466	482	499	516	534	553	573	
Ed Materials	190	197	204	211	218	226	234	242	
Orientation Flts	160	166	171	177	184	190	197	204	
IACE	350	362	375	388	402	416	430	445	
	250	259	268	277	287	297	307	318	
<i>new cadets K</i>	12	12	12	13	14	14	14		
<i>uniform cost @</i>	90	90	95	100	103	105	105		
7. Salaries	6371	6594	6693	6793	6895	6999	7104	7210	
8. Taxes/Benefits	1236	1279	1298	1318	1338	1358	1378	1399	
9. Travel	580	600	609	618	628	637	647	656	
10. General and Administrative Note1	706	1031	1067	1083	1099	1116	1133	1150	
11. Communications LMRS Note2	0	5185	5185	5185	5185	2244	2244	2244	
12. OMB Compliance	1500	1523	1545	1569	1592	1616	1640	1665	
Flight resource management	700	725	750	776	803	831	860		
Unit Connectivity	1750	800	828	857	887	918	950	983	
13. Insurance	972	1600	1700	1800	1935	2080	2236	2347	
14. Homeland Security	2914	4186	4276	4367	4487	4608	4702	4741	
Mission hours	28	1820	1848	1876	1904	1960	2016	2072	
Major Maint	644	672	700	728	756	784	784	784	
Administration	350	362	375	388	402	416	430	445	
Travel	100	104	107	111	115	119	123	127	
TAC Video System Notes3	1200	1200	1218	1236	1255	1274	1293	1312	
16. DELTA	-2510	-9131	-9014	-9515	-9476	-7138	-29115	-29724	

Attachment 3-3 to agenda item 3

11/20/2001

CAP 04-09 POM

Operational and Maintenance

Note 1: OMB audit taskings added 300K increase in Professional services

Note 2: Replacement of LMRs Q&M funding. Cost increase with new digital requirement.

FY03-06 Procure 1,154 VHF FM Hand Helds, 1,223 VHF FM Mobiles; FY07-09 Procure 462 VHF FM Hand Helds, 560 VHF FM Mobiles

Note 3: New requirement for Homeland security. Two airborne video systems per Wing and two per Region.

12:34 PM

11/20/2001

12:34 PM

04-09 POM Counter Drug

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
1. AF POM Counter drug	1462	1487	1517	1547	1578	1609	0	0
2. CAP Program Estimates	3120	3280	3365	3451	3569	3683	3766	3830
3. Counter drug	3120	3280	3365	3451	3569	3683	3766	3830
Mission Reimbursement	2640	2790	2852	2914	3007	3100	3162	3193
Equipment	130	134	139	145	150	150	150	160
Employee/Administration	350	356	374	392	412	433	454	477
flying hours K	30	31	31	31	31	31	31	31
maint hour rate	23	24	25	26	27	28	28	29
flying hour rate	65	66	67	68	70	72	74	74
4. DELTA	-1658	-1793	-1848	-1904	-1991	-2074	-3766	-3830

12:34 PM 11/20/2001

11/20/2001

12:34 PM

04-09 POM **Other Procurement**

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
1. AF Other Procurement	785	792	810	829	845	863	0	0
2. CAP Program Estimates	785	5154	5154	5219	5284	3287	3352	3352
Vehicles: 62Wg, 2Rg, 1HQ,	785	1495	1495	1560	1625	1690	1755	1755

unit cost (k's)	22	23	23	24	25	26	27	27
units required	65	65	65	65	65	65	65	65

3. Electronic Telecom Eq-Note1	0	3659	3659	3659	3659	1597	1597	1597
4. DELTA	0	-4362	-4344	-4390	-4439	-2424	-3352	-3352

Note 1. Procure FY03-06: 695 VHF FM Base Stations, 113 VHF FM Repeaters, 26 VHF FM Tac Repeaters; FY07-09 Procure 278 VHF FM Base stations, 55 VHF FM Repeaters, 10 VHF FM Tac Repeaters

11/20/2001

04-09 POM

12:34 PM

Aircraft Procurement

	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
1. AF Aircraft Procurement	2629	2657	2736	2799	2858	2919	0	0
2. CAP Program Estimates	3200	3600	3726	3856	3991	4131	4276	4425
New Aircraft	3200	3600	3726	3856	3991	4131	4276	4425
unit cost C-172 type (k's)	160	180	186	193	200	207	214	221
172 units purchased	20	20	20	20	20	20	20	20
3. DELTA	-571	-943	-990	-1057	-1133	-1212	-4276	-4425

Attachment 3-7 to agenda item 3